Separately Managed Account

Western Asset Current Market Muni Portfolios

1Q 2026

Your trusted partner for what's ahead™

For our clients, we are:

Invested in understanding clients' strategic priorities, goals, and challenges to deliver unique solutions

Committed to preserving the deep subject matter expertise that provides an investment edge

Focused on providing clients with insights to help them better manage portfolios

Dedicated to helping clients remain on the cutting-edge of both markets and technology

At-a-glance

75+	years of asset management experience
$1.7tn	total assets under management[1]
10	investment managers added to our platform since 2019
1,500+	investment professionals in 25+ countries
150	countries with clients

1. AUM is in USD as of March 31, 2026.

Investment specialization across public and private markets

FRANKLIN TEMPLETON

Our Investment Capabilities (USD Billion)

Equity $669.5
Emerging/Frontier
Global
Preferred/Convertibles
Sector
Shariah
Single Country Equity
Thematic
US Equity

Fixed Income $434.2
Bank Loans
Corporate Credit
Currencies
Government
Multi-Sector
Municipals
Securitized
Sustainable Bonds

Alternatives $282.8
Alternative Credit
Digital Assets
Hedged Strategies
Private Equity
Real Estate
Secondaries
Venture Capital

Multi-Asset $207.9
Balanced
Income
Managed Volatility
Model Portfolios
Target Date
Target Risk
Target Volatility

Complemented by innovations in
Sustainable and Impact investing, ETFs, Custom Indexing,
Frontier Risk Alternatives, and others

Our Investment Managers	Asset Classes			
Franklin Templeton (1947)	●	●	●	●
Alcentra (2002)			●	
Benefit Street Partners (2008)			●	
Clarion Partners (1982)			●	
ClearBridge Investments (2005)	●			
Lexington Partners (1994)			●	
Putnam Investments (1937)	●			
Royce Investment Partners (1972)	●			
Western Asset (1971)		●		

1. AUM is in USD as of March 31, 2026. Total AUM of $1.7tn includes $87.8 Billion in cash management that is not represented here.

Western Asset Management Approach and Philosophy

Western Asset is a global investment management firm committed to understanding the needs of each client, identifying investment solutions, and delivering superior long-term investment results

Team-managed approach

- Team unites groups of specialists dedicated to different market sectors
- Each group of sector specialists utilizes its expertise in bottom-up analysis of each portfolio sector

Investment Philosophy

Long-term, fundamental value discipline

- Bottom-up
- Top-down

Diversified strategies

- Depth of resources
- Global

Integrated analytics and risk management

- Relative value analysis
- Transparency and communication

Objective-Driven Investing

Seeks to:

- Protect from rising rates
- Protect from inflation
- Preserve capital
- Diversify globally
- Hedge liabilities
- Enhance income
- Generate tax-free income
- Generate total return
- Achieve ESG objectives

Core Fixed Income

- Intermediate
- Core
- Core Full Discretion
- Investment-Grade Credit
- Agency Mortgage-Backed

Generate Total Return

- Total Return Unconstrained
- Global Total Return
- Global Multi-Sector
- Dynamic Fixed Income
- Credit Opportunities
- MBS Opportunities
- Emerging Market

Enhance Income

- Short-Duration High Income
- Emerging Markets Debt
- High Yield
- Diversified High Income
- Structured Products/REIT/ CLO

Increase Alpha

- Global Credit Absolute Return
- Macro Opportunities

Hedge Liabilities

- Long Duration
- Long Credit
- Liability-Driven Investing
- Tail Risk Management

Not all Western Asset strategies have an ESG objective.

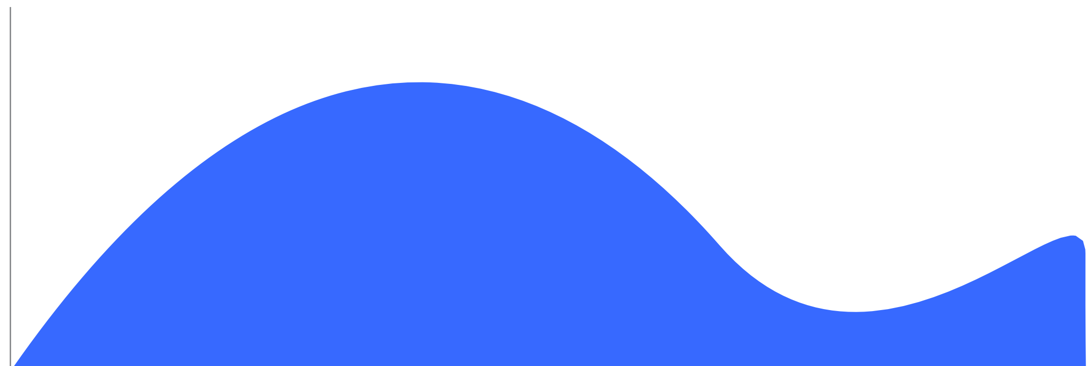
8756

Potential benefits of active management

Western Asset is a global investment management firm committed to understanding the needs of each client, identifying investment solutions, and delivering superior long-term investment results.

While active fixed income management does not guarantee superior performance — and may entail additional risks beyond those in passive portfolios — it does offer a number of potential benefits.

- May provide opportunity for growth through focus on total return versus focus on yield alone.
- Flexibility to pursue market opportunities.
- Ongoing monitoring and portfolio restructuring based on changing conditions.
- Risk management — including duration management, yield curve positioning and other strategies.



	Rising	Unclear	Falling
Interest Rates			
Portfolio Positioning	Defensive	Neutral	Positive
Maturity Positioning	Shorten	Neutral	Lengthen

All fixed income investments are subject to interest rate risk. As interest rates rise, the price of fixed income securities fall.
This chart is for illustrative purposes only and does not represent the performance of any specific investment.

Western Asset Current Market Muni Portfolios

Overview

The Current Market Muni Portfolios invest in municipal bonds for substantial individual and taxable institutional investors. The portfolio benchmarks to the Bloomberg Municipal Managed Money Short/Intermediate (1-10 Year) Index with a typical duration of +/- 20% of the benchmark.

Objectives

The strategy seeks to:

Provide total return over a market cycle, consisting of capital gain (taxable) and income that is exempt from regular U.S. income tax.

Key differentiators

- Team-managed approach.
  - Utilize a team of municipal bond sector specialists.
- Leverage Western Asset Management resources.
  - Institutional-caliber buying power and trading expertise.
  - Access to proprietary municipal bond research team.
  - Exclusive focus on fixed-income management.
- Ability to customize the portfolio to meet client needs, including state-specific and state-biased portfolios.

Philosophy

- Long-term
  - Seek out the greatest long-term value by thoroughly analyzing a wide range of sectors of the municipal fixed-income market.
- Value oriented
  - We seek to identify and favor sectors and issues that are undervalued or out of favor in the market.
- Diversified strategies
  - Results do not depend on only one or two opportunities; multiple themes are employed in portfolios.
  - Diversification seeks to limit the impact of a single adverse market event.
  - Strive to add incremental value over time and potentially reduce volatility.
- Sector rotation
  - The Current Market Muni Portfolios solely focus on investment-grade securities within the municipal bond market. These securities are similar to those represented within the Bloomberg Municipal Managed Money Short/Intermediate (1-10 Year) Index.

Western Asset Current Market Muni Portfolios
Investment process

STEP 1

Interest Rate Exposure/Duration Weighting

Western's investment team comprehensively analyzes a variety of domestic and international macroeconomic factors to establish a duration target.

STEP 2

Term Structure Weighting

The Firm carefully employs strategies in an attempt to take advantage of changes in the yield curve's shape and shifts in the relationship between short-, intermediate-, and long-maturity securities.

STEP 3

Sector Allocation

Western Asset believes that the value can be added to a portfolio by actively rotating among, and within, different sectors of the bond market. The investment team studies the fundamental factors that influence sector spread relationships.

STEP 4

Issue Selection

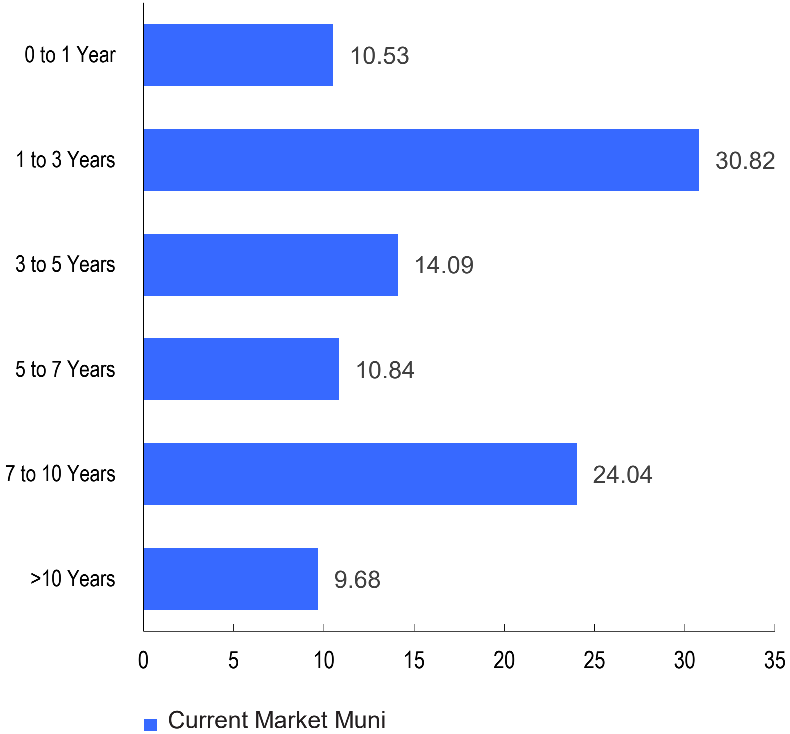
Using a bottom-up process, the Firm seeks to identify issuers with changing credit characteristics and securities that are undervalued and out of favor due to unusual circumstances.

The investment process may change over time. The characteristics set forth are intended as a general illustration of some of the criteria the strategy team considers in selecting securities for client portfolios. There is no guarantee investment objectives will be achieved.

Fixed Income portfolio characteristics
As of 3/31/2026

Western Asset

Average Life (%)



Sector weightings (%)

Sector weightings (%)	Current Market Muni
Leasing	23.72
Hospital/Healthcare	15.71
Special Tax	12.36
Local General Obligation	10.71
Education	10.39
Transportation	9.81
Water & Sewer	4.68
Industrial Revenue	4.15
Power	3.26
Pre-Refunded	2.97
State General Obligation	2.24

Source: Western Asset. Average Life and weightings listed are based on representative accounts and assumes no withdrawals, contributions, or client-imposed restrictions. Average Life and weightings of individual client accounts may differ from those of the representative accounts as a result of account size, client-imposed restrictions, the timing of client investments, market conditions, contributions, withdrawals and other factors. **Please see appendix for term definitions.**

Fixed income portfolio characteristics
As of 3/31/2026

Credit Quality (%)	Current Market Muni
AAA	7.92
AA	62.95
A	25.53
BBB	3.60

Characteristics (%)	Current Market Muni
Effective Duration	4.61 Years
Yield to Worst	3.37%
Current Yield	4.62%
Weighted Average Life	5.58 Years

Source: Western Asset. Portfolio characteristics and credit quality listed are based on representative accounts and assumes no withdrawals, contributions, or client-imposed restrictions. Portfolio characteristics and credit quality of individual client accounts may differ from those of the representative accounts as a result of account size, client-imposed restrictions, the timing of client investments, market conditions, contributions, withdrawals and other factors. **Please see appendix for term definitions.**

Credit quality is a measure of a bond issuer's ability to repay interest and principal in a timely manner. The credit ratings shown are based on each portfolio security's rating as provided by the following Nationally Recognized Statistical Rating Organizations ("NRSRO"): Standard and Poor's ("S&P"), Moody's Investors Service ("Moody's"), Fitch Ratings, Ltd. In the event a portfolio security is rated by more than one NRSRO, the higher rating is shown. In the case where a security is not rated by an NRSRO, these are listed as "Non-Rated". The credit quality of the investments in the Portfolio does not apply to the stability or safety of the Portfolio. These ratings may change over time. The Portfolio itself has not been rated by an NRSRO.

Current Yield is calculated without the deduction of fees and expenses.

Yield to Worst is calculated without the deduction of fees and expenses.

Performance

Annualized rates of return – pure gross and net of fees (%) as of March 31, 2026

	1 Mth	3 Mths	YTD	1 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year	25 Yrs
Current Market Muni –Pure Gross of Fees—(USD)	-1.88	-0.22	-0.22	4.32	2.51	1.15	1.72	1.69	2.06	2.70	2.83
Current Market Muni –Net of Fees—(USD)	-2.00	-0.59	-0.59	2.78	1.00	-0.34	0.22	0.19	0.56	1.19	1.32
Index Mix—(USD)	-2.55	-0.62	-0.62	4.08	2.19	0.92	1.68	1.71	2.26	2.97	3.18

Calendar-year total returns – pure gross and net of fees (%) ending December 31

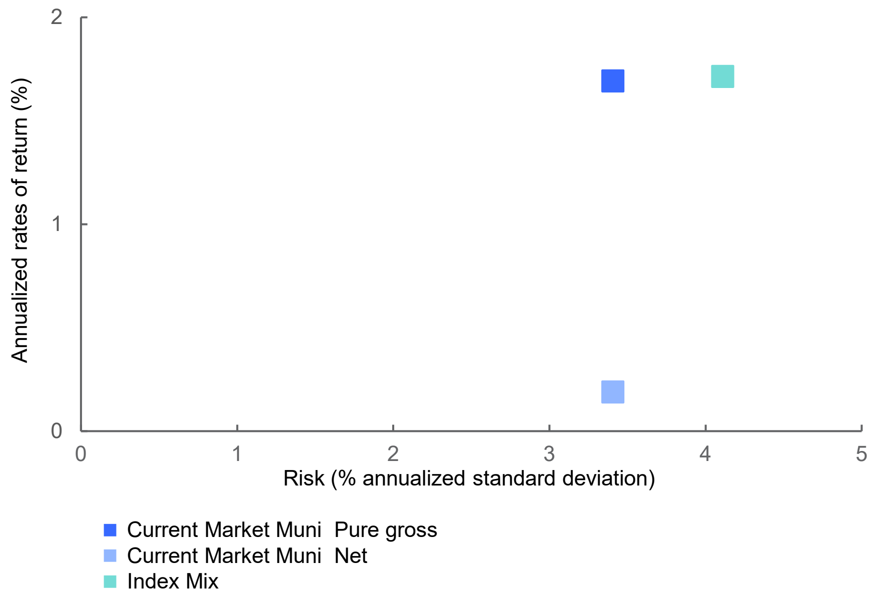
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Current Market Muni –Pure Gross of Fees—(USD)	4.67	0.93	4.14	-4.13	0.17	3.80	4.98	1.40	2.81	-0.14
Current Market Muni –Net of Fees—(USD)	3.12	-0.56	2.60	-5.55	-1.31	2.26	3.43	-0.10	1.30	-1.62
Index Mix—(USD)	5.24	-0.17	4.48	-4.67	0.34	4.29	5.45	1.69	3.14	-0.39

The **Index Mix**: Prior to July 1, 2022, the index used was the Bloomberg Municipal 5 Year Index. After July 1, 2022, the index used was the Bloomberg Municipal Managed Money Short/Intermediate (1-10 Year) Index.
Periods less than one year are not annualized. Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. “Pure” gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns are reduced by a model “wrap fee” (1.5% is the maximum anticipated wrap fee for fixed income portfolios) which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may vary.

For fee schedules, contact your financial professional, or if you enter into an agreement directly with Franklin Templeton Private Portfolio Group, LLC (“FTPPG”), refer to FTPPG’s Form ADV Part 2A disclosure document. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs. Past performance is not a guarantee of future results. Please see appendix for GIPS® Report and term definitions.

Risk/return profile

Pure gross and net of fees (based on 10-year period ending March 31, 2026)



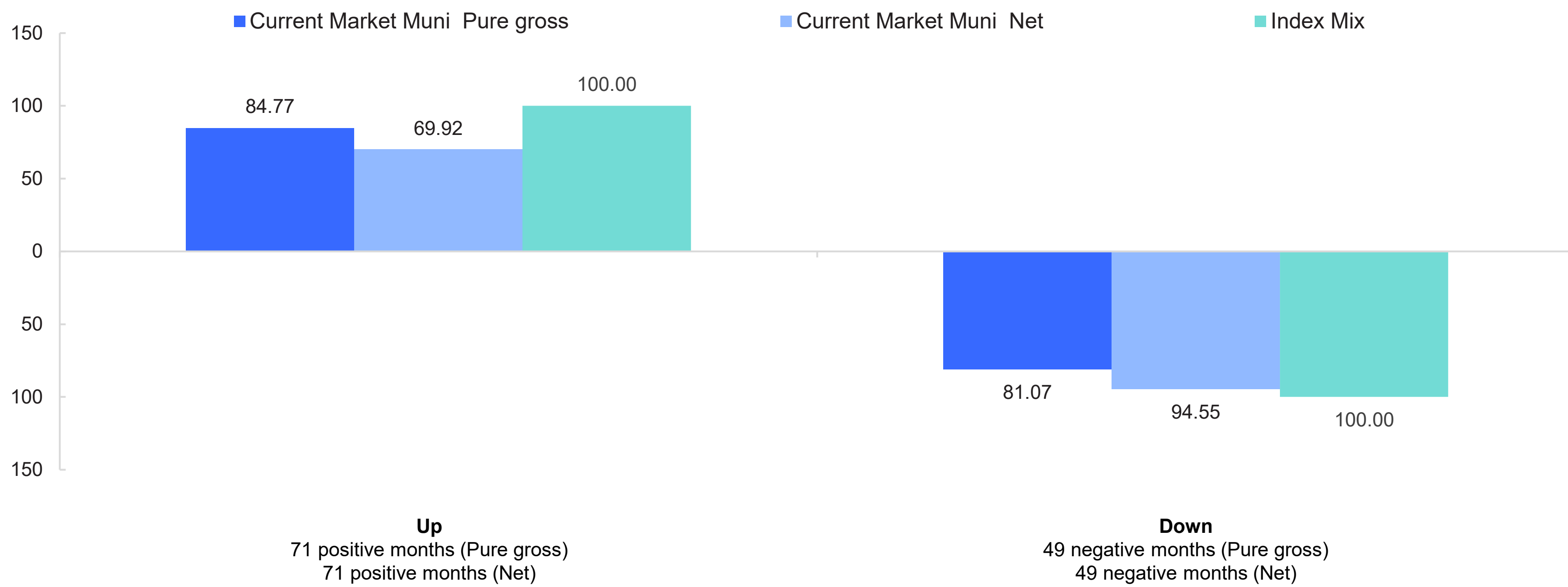
Modern portfolio statistics as of March 31, 2026

	Current Market Muni Pure gross	Current Market Muni Net	Index Mix
Annualized Return (%)	1.69	0.19	1.71
Annualized Standard Deviation (%)	3.41	3.41	4.11
Sharpe Ratio	-0.16	-0.60	-0.12
Beta	0.82	0.82	N/A
Alpha (%)	-0.14	-1.62	N/A
R-Squared	0.97	0.97	N/A

The **Index Mix**: Prior to July 1, 2022, the index used was the Bloomberg Municipal 5 Year Index. After July 1, 2022, the index used was the Bloomberg Municipal Managed Money Short/Intermediate (1-10 Year) Index.
Alpha, Beta, Sharpe Ratio, and R-Squared are shown versus the Index. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. Periods less than one year are not annualized. Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. "Pure" gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns are reduced by a model "wrap fee" (1.5% is the maximum anticipated wrap fee for fixed income portfolios) which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may vary.
For fee schedules, contact your financial professional, or if you enter into an agreement directly with Franklin Templeton Private Portfolio Group, LLC ("FTPPG"), refer to FTPPG's Form ADV Part 2A disclosure document. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs. Past performance is not a guarantee of future results. Please see appendix for GIPS® Report and term definitions.

Up down market capture ratios (%)

Pure gross (based on 10-year period ending March 31, 2026)



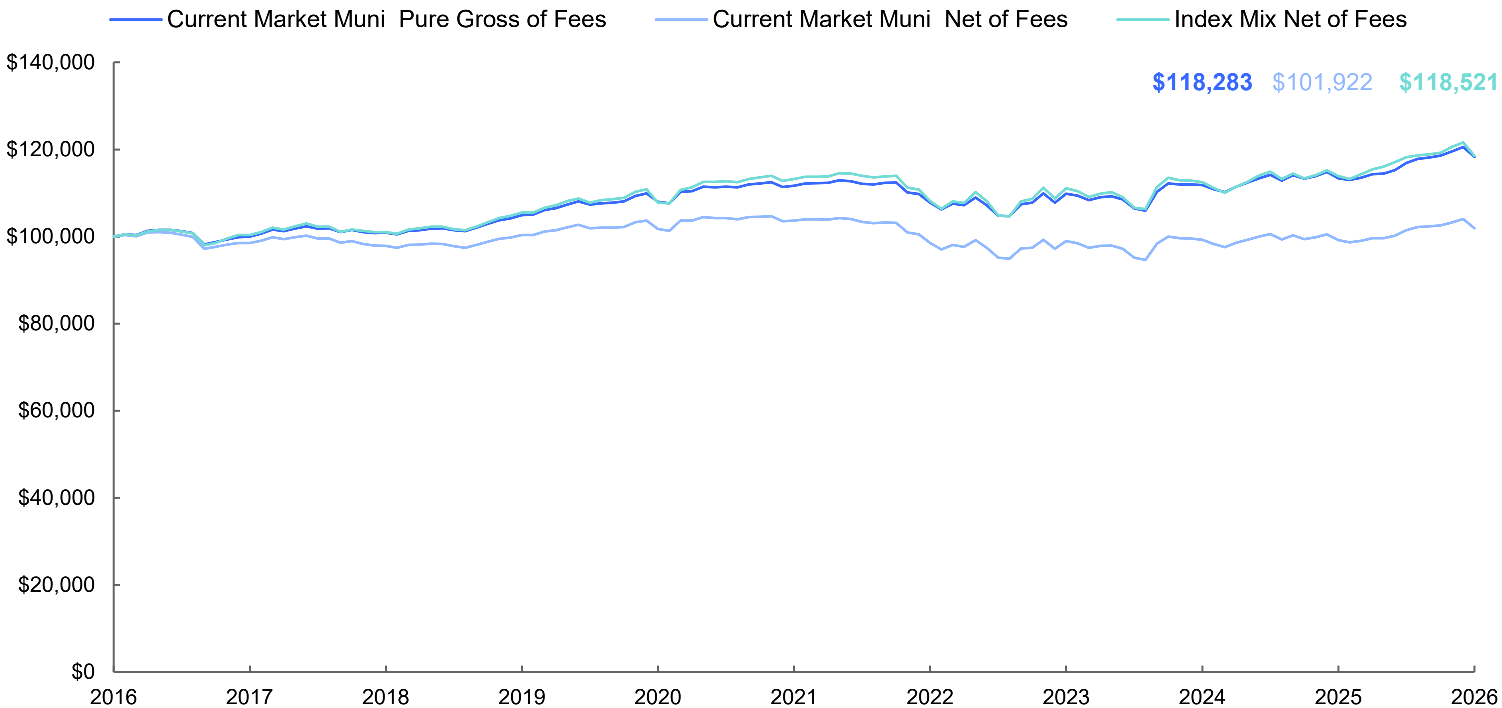
The **Index Mix**: Prior to July 1, 2022, the index used was the Bloomberg Municipal 5 Year Index. After July 1, 2022, the index used was the Bloomberg Municipal Managed Money Short/Intermediate (1-10 Year) Index.

Periods less than one year are not annualized. Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. "Pure" gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns are reduced by a model "wrap fee" (1.5% is the maximum anticipated wrap fee for fixed income portfolios) which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may vary.

For fee schedules, contact your financial professional, or if you enter into an agreement directly with Franklin Templeton Private Portfolio Group, LLC ("FTPPG"), refer to FTPPG's Form ADV Part 2A disclosure document. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs. Past performance is not a guarantee of future results. Please see appendix for GIPS® Report and term definitions.

Growth of $100,000

Pure gross and net of fees (based on 10-year period ending March 31, 2026)



The **Index Mix**: Prior to July 1, 2022, the index used was the Bloomberg Municipal 5 Year Index. After July 1, 2022, the index used was the Bloomberg Municipal Managed Money Short/Intermediate (1-10 Year) Index.
For illustrative purposes only. Assumes no withdrawals or contributions. These statistics are based on gross and net-of-fees monthly composite returns, were calculated assuming reinvestment of dividends and income, and take into account both realized and unrealized capital gains and losses.
Periods less than one year are not annualized. Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. "Pure" gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns are reduced by a model "wrap fee" (1.5% is the maximum anticipated wrap fee for fixed income portfolios) which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may vary.
For fee schedules, contact your financial professional, or if you enter into an agreement directly with Franklin Templeton Private Portfolio Group, LLC ("FTPPG"), refer to FTPPG's Form ADV Part 2A disclosure document. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs. Past performance is not a guarantee of future results. Please see appendix for GIPS® Report and term definitions.

Investment management team

Western Asset Management is one of the world's leading global fixed income managers. Founded in 1971, the firm is known for team management and proprietary research, supported by robust risk management and a long-term fundamental value approach.

What are the risks?

Western Asset Current Market Muni Portfolios

All investments involve risks, including possible loss of principal. Fixed income securities involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **Liquidity risk** exists when securities or other investments become more difficult to sell, or are unable to be sold, at the price at which they have been valued. Portfolios focused on a **single state** are subject to greater risk of adverse economic and regulatory changes than a geographically diversified portfolio.

GIPS Composite Report

WESTERN ASSET CURRENT MARKET MUNI

Reporting Currency: USD

Strategy Inception Date: January 1994

Composite Creation Date: January 2006

Period	Total Return (Net)	Total Return (*Pure Gross)	Benchmark Return	Number of Portfolios	% of Wrap Fee Portfolios in the Composite	Composite Dispersion	Composite 3 Yr. St. Dev.	Benchmark 3 Yr. St. Dev.	Total Composite Assets at End of Period (USD million)	Percentage of Firm Assets	Total Firm Assets at End of Period (USD million)
2024	-0.56%	0.93%	-0.17%	794	100	0.20%	4.99%	6.09%	1,254.7	0.45%	277,453.8
2023	2.60%	4.14%	4.48%	846	100	0.25%	4.79%	5.81%	1,307.1	0.34%	385,964.0
2022	-5.55%	-4.13%	-4.67%	952	100	0.68%	3.81%	4.85%	1,336.6	0.34%	391,755.8
2021	-1.31%	0.17%	0.34%	916	100	0.19%	2.35%	2.92%	1,361.4	0.28%	488,490.0
2020	2.26%	3.80%	4.29%	970	100	0.52%	2.38%	2.93%	1,456.0	0.30%	479,809.9
2019	3.43%	4.98%	5.45%	1,093	100	0.38%	1.73%	2.03%	1,537.7	0.34%	455,275.9
2018	-0.10%	1.40%	1.69%	923	100	0.14%	2.33%	2.60%	1,416.4	0.33%	424,136.1
2017	1.30%	2.81%	3.14%	1,003	100	0.26%	2.32%	2.63%	1,491.8	0.34%	436,309.0
2016	-1.62%	-0.14%	-0.39%	1,057	100	0.17%	2.20%	2.47%	1,672.9	0.40%	419,206.9
2015	0.55%	2.06%	2.43%	1,044	100	0.18%	1.76%	2.13%	1,856.0	0.43%	433,747.1

*Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs, and are presented as supplemental to the net of fee returns.

Compliance Statement:
Western Asset claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Western Asset has been independently verified for the periods from January 1, 1993 - December 31, 2024. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Firm Information:
Founded in 1971, Western Asset Management Company is a global fixed-income investment manager with offices in Pasadena, New York, London, Singapore, Tokyo, Melbourne, São Paulo, Hong Kong, and Zürich. Western Asset is a wholly owned subsidiary of Franklin Resources, Inc. but operates autonomously. Western Asset is comprised of six legal entities across the globe, each with distinct regional registrations: Western Asset Management Company, LLC, a registered Investment Adviser with the Securities and Exchange Commission; Western Asset Management Company Ltda. is regulated by Comissão de Valores Mobiliários; Western Asset Management Company Pty Ltd ABN 41 117 767 923 is the holder of the Australian Financial Services License 303160; Western Asset Management Company Pte. Ltd. Co. Reg. No. 200007692R is a holder of a Capital Markets Services License for fund management and regulated by the Monetary Authority of Singapore; Western Asset Management Company Ltd, a registered Financial Instruments Business Operator and regulated by the Financial Services Agency of Japan; and Western Asset Management Company Limited is authorised and regulated by the Financial Conduct Authority ("FCA") (FRN 145930). This communication is intended for distribution to Professional Clients only if deemed to be a financial promotion in the UK as defined by the FCA. This communication may also be intended for certain EEA countries where Western Asset has been granted permission to do so. For the current list of the approved EEA countries please contact Western Asset at +44 (0)20 7422 3000.

Composite Information:
Western Asset - Current Market Muni portfolios are discretionary fixed-income portfolios that seek total return over a market cycle, consisting of capital gain (taxable) and income that is exempt from regular U.S. income tax. Western Asset selects municipal securities for portfolios with a focus on diversification within sectors, regions and high credit quality. Western Asset seeks to enhance returns and reduce risks by taking advantage of shifts in the municipal yield curve, credit quality spreads and variations in market sectors. The composite is comprised of accounts that are separately managed accounts (SMAs) managed in accordance with the strategy with an account minimum of US $75,000 (prior to 5/1/2023 US $10,000). The composite employs a 10% significant cash flow policy. Effective January 1, 2012, the WA Intermediate Term Muni Composite merged with the WA Current Market Muni Composite as they are the same strategy.

Input and Calculation Data:
The current fee schedule is 1.50% on all assets. Net returns are calculated by deducting the anticipated maximum annual wrap fee applied on a monthly basis from the "pure" gross monthly return. The wrap fee includes all charges for trading costs, portfolio management, custody, and other administrative fees. Wrap fees may vary across different financial firms and across different accounts based upon account size and other factors. Dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year (equal-weighted prior to 2014). Periods with five or fewer accounts are not statistically representative and are not presented. The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. Past investment results are not indicative of future investment results. Information contained herein is believed to be accurate, but cannot be guaranteed. Employees and/or clients of Western Asset may have a position in the securities mentioned. A list of composite and limited distribution pooled fund descriptions and a list of broad distribution pooled funds is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Please contact Michael Van Raaphorst at 212-601-6211 or Michael.VanRaaphorst@westernasset.com. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Primary Benchmark Information:
For comparison purposes, composite returns are shown against returns of the Bloomberg® US Managed Money Short/Int 1-10 YR (Bloomberg® US Municipal Bond 5 YR prior to 7/2022).

Definitions

Index Definitions

The **Citi 3-Month T-Bill Index** is an unmanaged index of three-month Treasury bills. The index consists of an average of the last three-month U.S. Treasury bill issues.

The **Bloomberg Government Bond 1-3 Year Index** is an index that measures the performance of all public U.S. government obligations with remaining maturities of approximately 1-3 years. Bloomberg Indices.

The **Bloomberg 1-15 Year Blend (1-17) Municipal Bond Index** consists of a broad selection of investment-grade general obligation and revenue bonds of maturities from 1 to 17 years. Source: Bloomberg Indices.

The **Bloomberg Intermediate U.S. Government/Credit Index** is an unmanaged index that measures the performance of intermediate (one to ten years) government and corporate fixed-rate debt issues. Source: Bloomberg Indices.

The **Bloomberg Municipal 1 Year Index** is an unmanaged Index of municipal bonds with a remaining maturity of one to two years. Source: Bloomberg Indices.

The **Bloomberg Municipal 5 Year Index** is an unmanaged index that tracks USD-denominated long-term, tax-exempt bond market with maturities of 4-6 years, including state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. Source: Bloomberg Indices.

The **Bloomberg Municipal Bond Index** is a broad measure of the municipal bond market with maturities of at least one year. Source: Bloomberg Indices.

The **Bloomberg Municipal Managed Money Short Intermediate Index** measures the performance of the publicly traded municipal bonds that cover the USD-denominated short/intermediate term tax-exempt bond market, including state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. Source: Bloomberg Indices.

The **Bloomberg U.S. Aggregate Index** is comprised of investment-grade, U.S. dollar-denominated government, corporate, and mortgage- and asset-backed issues having at least one year to maturity. Source: Bloomberg Indices.

The **Bloomberg U.S. Government 1-5 Year Index** measures the performance of US dollar denominated, fixed-rate, nominal U.S. Treasuries and U.S. agency debentures with maturities greater or equal than 1 year but less than 5 years. Source: Bloomberg Indices.

The **Bloomberg U.S. Government/Credit Bond Index** is an index that tracks the performance of U.S. government and corporate bonds rated investment grade or better, with maturities of at least one year. Source: Bloomberg Indices.

The **Bloomberg U.S. High Yield Very Liquid Index** (VLI) is a component of the US Corporate High Yield Index designed to track a more liquid component of the U.S. dollar-denominated, high-yield, fixed-rate corporate bond market. Source: Bloomberg Indices.

The **Bloomberg U.S. Intermediate Corporate Index** measures the performance of investment grade, fixed-rate, US dollar-denominated taxable corporate securities with maturities of 1-10 years. Source: Bloomberg Indices.

The **Bloomberg U.S. Intermediate Treasury Index** measures the performance of the U.S. Treasury debentures with maturities of 1-10 years. Source: Bloomberg Indices.

The **ICE BofA 1-3 Year Treasury Index** is a market-capitalization-weighted index including all U.S. Treasury notes and bonds with maturities greater than or equal to one year and less than three years. Source: The index data referenced herein is the property of Intercontinental Exchange ("ICE") and/or its licensors and has been licensed for use by Franklin Templeton. ICE and its licensors accept no liability in connection with this use.

Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

Definitions

Term Definitions

Maturity is the date at which a debt instrument is due and payable. A bond due to mature on January 1, 2025, will return the bondholder's principal and final interest payment when it reaches maturity on that date. Bond yields are frequently calculated on a yield-to-maturity basis.

Duration (**Modified Duration**) is the measure of the price sensitivity of a fixed income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.

Yield to Worst (**YTW**) is based on a portfolio's current holdings on one specific day, is gross of all portfolio expenses, and is calculated based on assumptions that prepayment occurs if the bond has called or put provisions, and the issuer can offer a lower coupon rate based on current market rates. If market rates are higher than the current yield of a bond, the YTW calculation will assume no prepayments are made, and YTW will equal the yield to maturity. The YTW will be the lowest of yield to maturity or yield to call (if the bond has prepayment provisions). The YTW of a bond portfolio is the market-weighted average of the YTWs of all the bonds in the portfolio. **Yield to Worst is calculated without the deduction of fees and expenses.**

Insured municipal bonds are ones where scheduled interest and principal payments are guaranteed by AAA-rated municipal bond insurers.

General Obligation municipal bonds are backed by the credit and taxing power of the issuing jurisdiction rather than the revenue of a given project.

Revenue bonds are municipal bonds supported by the revenue from a specific project.

Pre-refunded bonds are municipal bonds that are generally backed or secured by U.S. Treasury bonds.

Effective Duration is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change.

Average Maturity is the average length of maturity for all fixed-rate debt instruments held in a portfolio.

Average Coupon based on the portfolio's underlying holdings, which may differ and are subject to change. Coupon rate is the annual coupon payments paid by the issuer relative to a bond's face or par value. **Average Coupon is calculated without the deduction of fees and expenses.**

Yield to Maturity - The rate of return anticipated on a bond if it is held until the maturity date. The calculation of YTM takes into account the current market price, par value, coupon interest rate and time to maturity. **Yield to Maturity is calculated without the deduction of fees and expenses.**

Weighted Average Life - An estimate of the number of years to maturity, taking the possibility of early payments into account, for the underlying holdings.

The **Sharpe Ratio** is a risk-adjusted measure that is calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical adjusted performance.

Alpha is a measure of the difference between actual returns and expected performance, given the level of risk as measured by **Beta**, where Beta measures sensitivity to benchmark movements.

R-Squared measures the strength of the linear relationship between the portfolio and its benchmark. R-squared at 1.0 implies perfect linear relationship and zero implies no relationship exists.

Standard Deviation is a measure of the variability of returns; the higher the standard deviation, the greater the range of performance (i.e., volatility).

The **Capture Ratios** measure a manager's composite performance relative to the benchmark, considering only those months that are either positive (Up) or negative (Down) for the benchmark.

An **Up-Market Capture Ratio** greater than 1.0 indicates a manager who has outperformed the benchmark in the benchmark's positive months.

A **Down-Market Capture Ratio** of less than 1.0 indicates a manager who has outperformed the relative benchmark in the benchmark's negative months.

Notes

FRANKLIN TEMPLETON

(800) DIAL BEN/342-5236

This material is intended to be of general interest only and should not be construed as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy. It does not constitute legal or tax advice. This material may not be reproduced, distributed or published without prior written permission from Franklin Templeton.

The views expressed are those of the investment manager and the comments, opinions and analyses are rendered as at publication date and may change without notice. The underlying assumptions and these views are subject to change based on market and other conditions and may differ from other portfolio managers or of the firm as a whole. The information provided in this material is not intended as a complete analysis of every material fact regarding any country, region or market. There is no assurance that any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets will be realized.

Investments for the program(s) discussed herein are traded primarily in U.S. markets and unless otherwise noted, equity and fixed income investments for such program(s) are primarily of U.S. issuers. In addition, unless otherwise noted, indexes referred to herein represent groups of securities that are issued primarily by U.S. issuers.

IMPORTANT TAX INFORMATION:

Franklin Templeton, its affiliates, and its employees are not in the business of providing tax or legal advice to taxpayers. These materials and any tax-related statements are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties or complying with any applicable tax laws or regulations. Tax-related statements, if any, may have been written in connection with the “promotion or marketing” of the transaction(s) or matter(s) addressed by these materials, to the extent allowed by applicable law. Any such taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

Investments are not obligations of, and are not guaranteed by, FTPPG or any other Franklin Templeton. affiliate or subsidiary; are not FDIC or government insured; and are subject to risks, including possible loss of the principal amount invested. Professional money management may not be suitable for all investors.

Any information, statement or opinion set forth herein is general in nature, is not directed to or based on the financial situation or needs of any particular investor, and does not constitute, and should not be construed as, investment advice, forecast of future events, a guarantee of future results, or a recommendation with respect to any particular security or investment strategy or type of retirement account. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies should consult their financial professional.